

FISCAL NOTE

HB 1461 - SB 1753

March 1, 2001

SUMMARY OF BILL: Amends the retirement law by increasing the benefit rate from 1.5% to 1.725% on the portion of a Group 1 teacher's average final compensation which is below the social security integration level.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$127,731,000 Annual Amortized Cost

Increase Local Govt. Expenditures* - \$85,154,000 Annual Amortized Cost

Estimate assumes:

- total lump sum pension liability of \$2,179,170,000.
- annual amortized cost includes a 20-year amortization of the lump sum liability.
- K-12 teachers with a 60%-40% ratio between state and local funding.
- increase in benefits would apply to both active and retired Group 1 teachers pursuant to T.C.A. 8-36-702 which provides for a recalculation of retirees' benefits upon improvement of the benefit formula.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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